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Feedlots and Beef Industry in Australia

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In this issue:

2 Feedlots in Australia
By Fred M. Lege, III
6 Australia Now World's Largest Beef Exporter—Has Potential for More Growth
8 Agricultural Production in Chile Caught in a Downspin
By Edmond Missiaen
10 Spanish Table Grapes Move to U.S. Markets for First Time in 38 Years
11 Efforts Underway To Relieve West African Drought
By Snider W. Skinner
12 World Meat Prices Spur Consumer and Government Action
Recent Changes in Farm Trade Barriers
13 Crops and Markets

This week's cover:

Australia has surpassed Argentina as the world's largest exporter of beef and veal. Rapid herd expansion in the past has allowed Australian cattlemen to benefit from the world demand for beef without endangering herd size. See articles on the Australian beef industry beginning this page.

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Feedlots in Australia

JAPANESE INTEREST in finding a dependable foreign source of beef has given life to the long-dormant idea of developing feedlot operations in Australia. The result has been a spate of publicity for the concept, plus a sizable venture during the past few years into the business.

Just about the time enthusiasm for feedlots had reached its height, however, drought hit the 1972 Australian grain crop, sending feed prices soaring and forcing many feedlots to at least temporarily halt operations. The question now is whether this setback, plus other problems, will offset the positive side of an endeavor that is attracting Japanese investment—and price guarantees—as well as attention from other beef-hungry foreign markets and even domestic consumers not accustomed to finished beef.

Feedlotting in Australia is still small compared to that in the United States. However, it has made astonishing headway considering that just a few years ago Australia had neither feedlots nor much serious interest in establishing them. Today, there are roughly 10 lots in the State of Victoria, with a capacity averaging 500 animals per lot. Queensland also has about 10 lots with an average of 500 animals each, and New South Wales has 25 lots with a 500-head average capacity.

Development of these feedlots brought to realization an idea that had been intriguing people for years—especially Americans who saw a tremendous potential in this country of huge grain crops and fast-growing cattle numbers.

Several Americans a few years back went so far as to study the feasibility of installing feedlots in Australia. Two of these individuals, who were highly experienced in the business, found from in-depth studies of the Australian situation some of the reasons why the country had gone so long without feedlots. These reasons included feed problems arising from guaranteed prices on wheat, high prices for barley, and limited production of grain sorghum and corn—as well as the lack of a bonus price at home for finished beef. Their conclusion thus was that feedlotting in Australia would be a very insecure undertaking.

Other foreigners interested in feedlots assumed there would be a ready acceptance for finished beef and began to make inquiries among consumers.

Responses varied. Australians who had traveled overseas, particularly in

After several abortive starts, the feedlot idea is finally taking hold, but capricious weather dealt it a blow last year and other problems still abound.

By FRED M. LEGE, III
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the United States, said that they would like to buy lot-fed beef in Australia. But the rank-and-file Australians indicated a preference for meat with less fat and more flavor, and with no local supply of lot-fed beef for testing, it was very hard to refute what these people were saying.

However, in 1970 one of the representatives of the Australian Meat Exporters' Federation traveled to Europe, where he found that Australian meat had a reputation for being too tough to sell in European markets as table meat. This made headlines in his home State of Queensland.

At about the same time, American meat promotions in Japan for lot-fed beef were attracting interest in this type of beef. Part of the Japanese response was to begin buying cuts of table meats from Australia for a price market that was roughly the third most expensive behind premium domestic Kobe beef and imported lot-fed beef from the United States.

This interest in lot-fed meat finally grew to the point where Japan began looking for a cheaper and larger source of supply that was also close at hand. It was this that led them to Australia, where they made contracts with a few producers to feed cattle in feedlots.

On some of the lots, results were not what the Japanese expected, and these contracts were quickly terminated. On others, however, they found that, with modifications in feeding programs, they could get roughly the type of meat required. This encouraged Japan to look for more producers to fatten cattle in exchange for a guaranteed price per pound at the abattoir.

Thus, the uncertainties over returns that had made feedlotting unfeasible in the past began to disappear.

In addition, Australia during those first years had found itself holding abundant grain suppiles as a result of a good 1969 crop, which had increased domestic supply far in excess of demand, followed by implementation of a delivery quota on wheat in 1970 aimed at balancing supply with local and world demand. Then in 1970–71, much of the wheat was rejected by the Australian Wheat Board because of poor quality and/or excess amounts. These factors left the farmers with wheat to sell, causing prices to drop.

FEEDLOT OPERATORS were willing to pay a price, but not the one prevailing for wheat accepted by the Board. This put a whole new look on the lot-feeding picture, since it corresponded with the expanding demand from Japan for well-finished lot-fed meat.

The feedlotters thus gave the farmers a market for their weather-damaged and over-quota wheat, while the farmers gave the feedlotters the needed input for their emerging industry.

As a result, many people with no prior experience and no commitment from Japan rushed into feedlotting. With very little knowledge of nutrition or requirements, management and supplies of replacement cattle, or even stocks of feed, they soon ran into serious trouble. Those who realized their shortcomings early either took their losses and got out or brought their operations to a halt until they could get the help necessary to develop profitable enterprises.

The individuals that remain in the business some 3 to 4 years after their first endeavor include:

- The opportunity feeder or occasional feeder—an operation which is very informal, unsophisticated, and labor intensive, feeding when there is a surplus of grain, or when prices are so favorable for grain or cattle that the gamble is irresistible;
- The part-time feeder, who works at it only when other farm work is slow and there is no direct competition—a less labor-intensive undertaking than the first, usually done with a minimum of help.
- The professional feedlot operator, who is beginning to taste success with more constant profits as a result of fairly up-to-date operations, often modeled after the U.S. prototype.

Operators in the latter group are rapidly learning the lessons gleaned in the United States over the past 20 years. There is a large nucleus now of people who have been to the United States to study the feedlot industry. They also have created a market for feed mixing

machinery and other needed equipment, feed additives, and feed mixers.

One drawback to further growth is the lack of uniformity in the foreign demand that prompted these developments. The Australian Meat Board's 1972 annual report stated that "the outstanding feature of the Japanese market has been the rapid rise in demand for high-quality choice beef cuts, cryovac packed, and in chilled form." (These imports rose from 4,000 tons in 1970–71 to a level of almost 12,000 in 1971–72.)

At the same time, however, the Board warned that many markets elsewhere would not tolerate the degree of finish acceptable in Japan.

Thus, while there is a demand from Japan for lot-fed beef cattle, the total demand is still limited, and the Board is not yet encouraging an extensive feedlot development in Australia, reminding cattlemen that, "We have the ability to finish cattle for other markets on improved pastures and supplemental feeding at a much lower cost."

Another continuing drawback is the belief that feedlot beef will not sell in Australia. There has, however, been some market research done on a strictly individual basis that seems to refute these beliefs.

For instance, a small butcher shop that normally sells about the equivalent of four animals a week started using lot-fed beef but did not advertise the fact. After about 6 months the amount of carcasses going through the store climbed to nine or ten per week. The butcher said that he preferred not to advertise the lot-fed beef because he felt there would be some objection to it and also to the price, but he found customers liked the meat and were beginning to tell their friends and to come back for more. He said this was proof enough for him that people wanted lot-fed beef and were willing to pay a premium for it.

Several companies owning export licences are now involved with the feedlots. They also have retail outlets in Australia and are beginning to put the better classes of cattle through the lots for local demand. Not one of these admits finding customer reluctance to pay a premium for such beef.

One of the big chain stores is also using this meat in its prepackaged ready-to-serve cuts. This has resulted in several complaints from competitors that they are not in the position to sell such meat and who thus say it is "unfair competition."

In the midst of all the enthusiasm about feedlots—to the extent that feedlot congresses have been held throughout Australia—nature stepped in and dealt the business a cruel blow last year. It came in the form of drought, which cut production of all crops se-

On tour of Australian feedlots, the author first visited a lot of straight Herefords shown below. They are raised on twice-a-day feeding of 30 pounds of grain and 3 pounds of hay.

Above, a pen of Hereford-Angus crosses. These cattle, going under the trade name of "Bulls Eye" beef, show the beginning of specialization and importance of quality feedlot cattle. Cattle at top right and lower right are sraight Herefords of "prime" quality, the best seen.

verely, forcing many feedlotters who had not planned ahead to either curtail their programs or forget them altogether until another year. Australia's persistent weather problems, with its recurring droughts, may be one of the greatest limiting factors in the feedlot business.

Otherwise, conditions continue to look quite good. There should not be any shortage of cattle in the foreseeable future since the beef cattle population in Australia has experienced the fastest growth in the world. Australian beef cattle numbers have risen 96 percent in the past 16 years, exceeding even the record achieved in the United States, which was able to double numbers in 20 years.

At the present cattle growth rate—barring price breaks and prolonged drought—Australia could set a record that would be difficult to equal in the foreseeable future.

A Look at Some of the Australian Feedlots

While collecting material for the article, the author visited several of the Australian feedlots. He describes some of the operations here.

- One lot visited had 1,300 head in the feedlot and was being expanded to a total capacity of 2,200 head. The owner had been in business 4 years and was feeding 50 percent barley and 50 percent wheat at a feeding cost of 15 to 15.3 cents per pound. He was sending containerloads of meat to Japan, where he had a contract calling for cattle to be in the feedlot 120 to 160 days, finishing at roughly 1,200 pounds, liveweight. He had found already, however, that 90 to 120 days seemed to be the best and most profitable for him.
- Another lot of cattle was a group of 60 head being fed to specifications mailed from the United States. They were getting 24 to 25 pounds a day of a mixture composed of 200 pounds of hay, 950 pounds of barley, 30 pounds of sunflower meal, 50 pounds of mineral, and 150 pounds of molasses. The results in this lot were little short of disastrous, with several of the cattle foundered and scouring. The mixture was the same consistency as sand used for cement, with cattle eating hay off the top and the balance filtering down in a very highly concentrated mixture.
- The next lot of cattle was the best operation witnessed so far. These cattle were on feed 160 days and produced carcasses of 750 pounds dressed weight. They were magnificent animals of a straight Hereford line and the only ones seen so far that would grade "prime" coming out of the lot. There were 500 head in the one lot, and the owner was preparing to go to 1,000-head capacity.

The owner is a large grain producer who had been buying his cattle at 15 cents a pound, liveweight, and receives a guaranteed price for them of 36 cents a pound on the hook. One problem, however, was that some of the animals marbled beautifully and others did not. The operation itself was very small-scale, run by the owner, his son, and one hired hand.

- Another lot was run by an operator with 5 years of experience in feeding. His lots were 330 x 150 feet each, holding 180 head on roughly 270 square feet per animal. The cattle had been on feed for 110 days and reportedly were getting 3½ pounds a day gain out of 28 pounds of feed—22 pounds of it grain, 50 percent barley, and 50 percent corn.

The owner, who had been feeding barley and wheat previously, saw a tremendous improvement in the rate of gain and the condition of his cattle when he switched from wheat to the corn mixture. He feeds twice a day and also was getting a price of 36 cents a pound, dressed weight. At the time of the visit, he had just sold 900 head of cattle to Japan. The owner complained about having difficulty securing cattle for the lots, although those observed were fresh, healthy, and of good quality straight Hereford breeding.

- At the latest lot visited feeders were costing up to 19 and 20 cents a pound, liveweight, but the guaranteed price had risen to 40 cents a pound, dressed weight. The pens were the smallest yet seen with only sufficient room for enough cattle to make up a complete refrigerated container for overseas shipment. This, of course, entailed providing a few extra cattle to take care of any problems of slow gainers or illness. Once in the pen, the cattle were never commingled with other cattle. They passed straight from the pens to the slaughter floor to the chillers and then into the overseas refrigerated containers to Japan.

Australia Now World's Largest Beef Exporter—Has Potential For More Growth

CATTLEMEN "DOWN UNDER" have been reaping the benefits of the strong world demand for beef, expanding such exports to the point where Australia now has surpassed Argentina as the world's largest exporter of beef and veal.

Rapid herd expansion of the past has allowed this export growth without endangering herd size. In fact, Australia is poised for more sharp gains in its cattle numbers as producers respond further to high prices for beef and veal.

The only problem now is that such growth makes Australia increasingly dependent on the agricultural export market for a single product—and especially so since high prices have dampened domestic demand for beef. Recognizing their increasing vulnerability, the Australians have been cultivating new outlets—as well as the old.

The market for Australian beef and veal last year was influenced by two important developments—a drought in southern Australia, which forced many cattlemen to reduce their herds, and the opening up of export markets to the point where demand literally could not be satisfied.

The drought, which hit particularly hard in the State of Victoria, was reflected in a sharp gain in cattle slaughter. For the 1971–72 season, this rose 9 percent to reach an alltime high of 5,292,700 head. Moreover, the rate accelerated sharply later in the year as drought continued, with slaughter during the 5 months ended in November 1972 up 34 percent from the 1971 period to 2.8 million head.

Calf slaughter, by contrast, had actually declined in recent years, to 1,124,600 head in 1971–72 from the 5-year average ended in 1970 of 1,434,800. However, in the first 8 months of 1972–73 calf slaughter increased, indicating that producers are becoming more selective with types of animals retained for both breeding and "growing out" for beef production.

Total Australian beef and veal production in calendar 1972 climbed 21 percent to over 2.9 billion pounds, re-

Inspecting Australian beef side going into export (above) to meet zooming sales precipitated by the strong demand for beef and resulting freeing of import restraints in various countries. USDA meat inspectors (right) checking Australian boneless beef on arrival in the United States, which is by far the largest export market for Australia.

flecting the increased slaughter plus further gains in average carcass weights. The latter resulted from expanding production in the more favorable areas of New South Wales and Victoria, use of better breeding stock, improved pastures, and better management.

Despite the growth in meat output, demand continued strong enough to keep prices at very high levels.

Later, as the rainfall situation improved, slaughtering slowed, causing prices to skyrocket further. As of mid-February 1973, some sources expected beef prices would climb by 50 percent before easing again.

The other development—expanded export trade—was precipitated by the strong worldwide demand for beef and a resultant freeing of import restrictions in various countries. The United States, far the largest market for Australian beef, temporarily removed import quotas to encourage larger sales in this country.

At the same time, spiraling beef prices in Western Europe led to a reduction of trade barriers there and a rapid gain in Australian sales to the United Kingdom, members of the EC–6, Sweden, and other countries. Elsewhere, increased buying was taking place in Japan, already a top outlet; Eastern Europe; and various other new markets.

These developments led to a 37-percent increase in Australian beef and veal exports in calendar 1972 to over 1.1 billion pounds, according to the Australian Meat Board.

In response to the freeing of restraints in the U.S. market in the last half of 1972, Australian beef and veal exports to the United States last year jumped 33 percent to 680 million pounds (excluding shipments to Hawaii). Australians greeted the temporary widening of this market with enthusiasm, despite the realization that the situation would be reviewed quarterly in line with requirements of U.S. legislation.

This reality, plus the strong demand from other markets, has led the Australian Meat Board to continue its efforts to diversify exports. Beef and veal shipments to the United States fell from a peak of 78 percent of the exports in 1969 to a low of 60 percent in 1971, easing back up to 62 percent in 1972.

Japan has been one of the fastest rising alternative markets, although the United Kingdom was also unusually large in 1972.

In calendar 1972, Australian beef and veal shipments to Japan totaled 116 million pounds, compared with 88 million in calendar 1971. The Japanese import system of six monthly market quotas, plus Government purchases through tender of a large amount of the meat, complicate selling there. However, a 70-percent increase in Japanese beef quotas for the year ended March 1973 —to 136 million pounds—has given great impetus to this trade.

Japan now takes a high percentage of its imported beef from Australia—a development that has been enhanced by joint Australian-Japanese ventures into feedlot beef (see article on page 2). Shipments of high-quality beef off these feedlots to Japan tripled between 1970–71 and 1971–72 alone to almost 27 million pounds.

In the other big market—the United Kingdom—a temporary removal of tariffs on beef and veal last year led to a sharp jump in sales there. At 170 million pounds, exports to the United Kingdom more than doubled last year, putting the United Kingdom ahead of Japan as the second largest market for Australian beef and veal.

A similar tariff move for the EC–6 contributed to increases in sales to West Germany, from 316,000 pounds in 1971 to 3 million; Benelux, from 1.9 million to 4.2 million; and France, from 350,000 to 2 million. Exports to Sweden jumped to 6 million from 1.5 million, and those to Eastern Europe, to 7.7 million from 1.9 million.

In addition, a number of new markets are developing, including Romania, Denmark, Yugoslavia, Peru, Egypt, and Chile. The USSR made sizable purchases of Australian meat in 1971, but has taken none since. However, interest in that market continues.

These larger exports have extended Australia's reliance on the foreign market to the point where beef and veal exports in 1971–72 amounted to 54 percent of production. And—with domestic demand stifled temporarily by high prices—this figure is likely to rise further in 1972–73.

Recently, the emphasis on beef and other livestock products has been beneficial to Australia, enhancing foreign exchange earnings far beyond what a more diversified agriculture might produce. With overseas demand still unfulfilled, stocks have been kept at low levels, despite the expanded slaughter, and good returns have inspired a great deal of confidence among industry members.

HOWEVER, THIS SITUATION has also led to problems regarding meat slaughtering facilities, with their operators reluctant to expand because of the need to commit more capital. There also are difficulties in servicing a variety of foreign markets with differing tastes, hygienic and veterinary requirements, and import policies.

Looking ahead, Australia can be expected to maintain growth in its beef cattle numbers, which already have risen at one of the fastest rates ever recorded. During the previous 5 years alone beef cattle numbers rose some 60 percent to over 28 million head. Many Australians foresee this figure soon increasing to 30 million head and then eventually to 40 million and possibly 50 million.

Australia obviously has the land to produce a tremendous number of cattle. However, any great expansion would require the diversion of some land to forage production, further pasture improvement, and more feedlots.

Agricultural Production in Chile Caught in a Downspin

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AGRICULTURAL OUTPUT in Chile declined in 1972 and is expected to fall further in 1973. Causes of the downward production trend in that country are multiple, but weather conditions and the effects of changes in Chile's agricultural structure are primary factors in the decline.

Last year total crop production was estimated at 16 percent below 1971's alltime high. The Government of Chile has not released official production estimates for the 1973 crop harvests now nearing completion. Available Government and trade information, the current level of agricultural imports, and shortages of various products in the market, however, all point to an overall decline of 12 to 15 percent from the 1972 production level.

Planting 1972 and 1973 crops, top, was delayed by late frosts and heavy rains. Wheat harvests, above, also dropped sharply from the 1971 record.

Crop output in 1972 was only slightly above that of 1969 when Chilean agriculture was hit by one of the worst droughts in its history. Available data indicates 1973 crop production fell well below the 1965–71 average.

According to Government and trade reports, 1972 output of livestock products was about 12 percent below 1971. Production in 1973 is expected to be slightly below the 1972 level.

Production of most crops declined in 1972, but the 34 percent decline in wheat production from the record high of 1971 had the greatest impact on total crop output. Wheat usually accounts for well over half of Chile's land in crops. The percentage of production decline for other important crops were: Potatoes, 13; sugarbeets, 28; corn, 19; and rapeseed, Chile's principal oilseed crop, 16. However, production of beans, barley and several fruits increased in 1972.

Chilean Government and trade reports indicate 1973 wheat imports may reach 1.1–1.3 million metric tons. This import requirement and available information on stocks indicates the 1973 wheat crop declined to approximately 550,000 tons, or less than half the average level of production during the sixties. Production of vegetable oilseeds, sugarbeets, rice, and several other major crops also declined from the 1972 level. On the other hand, production of feedgrains, grapes, and several other fruits increased.

Above, Australian wheat being unloaded at San Antonio last year helped meet Chile's growing need for farm imports.

The biggest impact on 1972 livestock production was the 34 percent decline in beef and veal output, and the 9 percent drop in milk output. Production of other livestock products remained near the 1971 level.

These production declines in 1972 and this year are primarily the result of bad weather, price distortions resulting from a rapid rate of inflation, shortages of fertilizers, seeds and other production requisites and complications arising from the rapid implementation of agricultural reforms.

Bad weather was less of a factor for the 1972 harvest than for the 1973 harvest. However, late frosts and a dry period adversely affected 1972 wheat yields, and untimely rains during the harvest season reduced yields of other crops. Crop production in 1973, especially winter wheat (which usually accounts for two-thirds of total wheat production) and winter rapeseed, was greatly affected by heavy rains which impeded planting operations. Much sowing was delayed, some land was not sown, and other fields were washed out after sowing. Continued rain later in the year also delayed the planting of most other crops.

Chile's consumer price index increased by 163 percent in 1972, up from the 20 percent rise in 1971. Food prices increased by 243 percent in 1972, according to the official price index. This rapid inflation caused a distortion between the prices for farm inputs and farm products. Officially approved farm prices for most agricultural commodities did not increase as rapidly as costs for labor, seeds, fertilizers, and other inputs. Thus, an important factor behind production declines in 1972 and 1973 was this lower cost–price margin for producers.

One objective of Chile's agrarian reform, to eliminate large private farms, was virtually achieved by the end of 1972. Since the current Government took office in November 1970, the pace of expropriations has been very rapid. More than 3,400 farms, covering 13.2 million acres, have been expropriated, compared with 1,400 farms, covering 8.8 million acres, during the previous 5 years. The reformed sector now includes 36 percent of Chile's farmland.

The rapid pace of land expropriations since November 1970, has caused considerable uncertainty among farmers in the remaining private sector, resulting in an adverse effect upon agricultural production in general and farm investment in particular.

The rapid reform also has caused production problems in the reformed sector. Adequate numbers of qualified advisors to assist beneficiaries in managing the land were not available. As a result, some of the newly acquired land was not cultivated and some was not managed effectively.

REFORMS HAVE GONE beyond changes in land tenure. During the past 2 years, all agricultural credit, and much of the agricultural supply market have come under Government control. These rapid changes affected the supply of credit and inputs, and adversely affected production.[1]

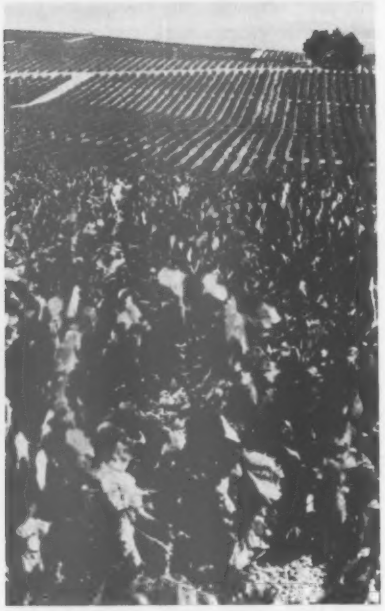
Chile's agricultural imports in 1972 were up to approximately $450 million, a 32 percent increase over 1971 and almost double the value of the agricultural imports of 1970. Principal commodities imported in 1972 were beef and live cattle, wheat, dried milk, sugar, and corn. None of the 787,000 tons of wheat imported during 1972 came from the United States, but the United States did provide over half of the 465,000 tons of corn imported by Chile during that year. (See *Foreign Agriculture*, Jan. 8, 1973.)

The value of agricultural imports in 1973 is expected to exceed $500 million. According to Government and trade sources, 1973 imports of wheat are forecast at 1.1–1.3 million metric tons, corn imports about 350,000 tons, rice imports 85,000 tons, and vegetable oil imports approximately 60,000 tons.

U.S. agricultural exports to Chile in 1972 totaled $28.4 million, up from $22.5 million in 1971. Leading U.S. exports to Chile in 1972 were corn ($15 million), hides and skins ($4.8 million), and leaf tobacco ($1.2 million). Chile's purchases from the United States thus far in 1973 are at about the 1972 level with corn and hides and skins again accounting for most of the value.

[1]**For detailed description of the reforms in Chile, see "Agricultural Reforms and Productivity and Trade in Chile Since 1965," USDA, Econ. Res. Serv., ERS-Foreign 345, Oct. 1972.**

Spanish Table Grapes Move to U.S. Markets For First Time in 38 Years



Spanish table grapes (top) moved to the United States last year for the first time since 1935. Although the vast majority of the grape harvest (above left) is used for wine-making, some of the yield from Spanish vinyards (above) is consumed fresh, either domestically or in export markets.

The United States—long a market for Spanish wines—imported Spanish table grapes last year for the first time since 1935, purchasing 175 tons valued at about $68,000.

Of Spain's grape harvest, by far the largest share, an estimated 95 percent, goes to wine-making, leaving only about 5 percent of the crop for fresh consumption, both domestic and for export. Table grape exports in 1972 amounted to 124,122 tons, going mainly to the United Kingdom and West Germany. Over the past 5 years, fresh grape shipments have averaged 116,000 tons annually.

The bulk of Spanish exports of fresh table grapes are of the Ohanes variety grown throughout southeastern Spain, particularly in the provinces of Almeria and Murcia. Actually this variety is named after the village of Ohanes, in western Almeria at the foot of the Sierra Nevada range.

Of total table grape exports last year, some 92,879 tons, or 75 percent, were Ohanes table grapes.

Vineyards are found practically everywhere in Spain. Over 3 million acres of Spain's farmlands are devoted to this crop, accounting for approximately 8.2 percent of the country's total cultivated acreage.

In Spain, vines are cultivated with as much individual care as are house plants. In fact, many maintain that vine cultivation is one of the most exquisite achievements of Iberian agriculture.

Vineyards are cultivated according to venerable precepts that have not been altered appreciably from the most ancient times.

The necessity for vigilant maintenance of the vineyards is not overlooked by Spanish viticulturists, who recall the disastrous phylloxera, or vine pest, invasion that devastated European vineyards some years ago.

American rootstocks were found able to withstand phylloxera, and transatlantic stock, coming to the aid of the pest-ravaged vines of Spain, has enabled vineyards to continue producing.

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EFFORTS UNDERWAY TO RELIEVE WEST AFRICAN DROUGHT

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West African cattle are hard hit by drought.

Human beings and livestock in interior west Africa are suffering the effects of the worst drought in the area in many years. The six countries most affected—Chad, Niger, Upper Volta, Mali, Senegal, and Mauritania—are feeling the cumulative effects of several years of less-than-normal rainfall.

The six countries cover a vast area —over 200,000 square miles—over half the area of the United States.

The combined human population of the six countries is estimated at over 23 million. Until 1960, five of the countries affected—Senegal, Mauritania, Mali, Upper Volta, and Niger—were territories of the colony of French West Africa. Chad was a territory of the colony of French Equatorial Africa.

The northern parts of four of the countries are desert (the Sahara). These countries are Mauritania, Mali, Niger, and Chad. The other two countries—Senegal and Upper Volta—are usually considered as being entirely south of the Sahara.

There are some unusual phenomena at the western and eastern edges of the drought area. In the west, the Senegal River, which forms the boundary between Mauritania and Senegal, crested in 1972 at 18 feet. It usually crests at 26 feet.

In the east, Lake Chad has shrunk to a third of its usual size and many fish are dead or dying in the mud.

Towards the end of 1972, the Governments of the countries in the drought area began appealing to possible donor countries and international organizations for food aid to avert impending famine.

The United States was one of many countries and international organizations responding. Over 150,000 tons of U.S. grain sorghum and corn were programmed for shipment to the six African countries most affected and substantial portions have already been delivered. The grain sorghum and corn are used as human food, as is the custom in the area.

About a third of U.S. contributions is being distributed through the World Food Program. Another third was programmed through a regional Grain Stabilization Program that was started before the present drought emergency became so intense. The remainder of U.S. shipments are being made under emergency bilateral agreements with the countries involved.

Worldwide, 600,000 tons of grains have been programmed for relief in the west Africa drought area.

Shipments of grain for relief are being landed at several west African ports, including Dakar, Senegal; Abidjan, Ivory Coast; Tema, Ghana; Lome, Togo; Cotonov, Dahomey; and Apapa (Lagos) and Port Harcourt, Nigeria. Shipments to the interior are made mostly by road and railroad, with some shipments by air and by water (on Lake Volta in Ghana).

Four of the countries affected—Mali, Upper Volta, Niger, and Chad—are landlocked. This adds to the difficulties of importing grain from overseas. Senegal and Mauritania are on the Atlantic Ocean.

The logistics of relief are complicated by the fact that two of the countries affected—Niger and Chad—have no railroad at all.

Spring rains were expected in west Africa during the latter half of May. If plentiful and timely, these rains will signal the end of the drought. However, it will be several months until a crop can be harvested. Furthermore, the rains will turn the dirt roads into impassible mud holes and thus seriously impede the distribution of food. The rains will soon produce grazing for the surviving livestock, however.

In an effort to make relief distribution before the spring rains begin, airplanes have been sent by France, West Germany, USSR, and the United States. Imaginative planning was required to make the most effective use of these airlifts. One of the major benefits has been the psychological encouragement given to the people of the area.

Officials of the countries affected by the drought feel that human starvation has been averted. However, as much cannot be said for livestock populations. For example, in Mali it is estimated that 2 million cattle have died out of a total cattle population of 5 million. These cattle deaths have occurred because of a lack of forage and water. Estimates are not available of the losses of sheep, goats, and camels.

Livestock numbers in 1970–71 in the six countries are estimated as follows: Cattle, 23 million; goats, 21 million; sheep, 17 million; camels, 1.5 million.

It would appear that large numbers of cattle and other livestock could have been slaughtered while still in relatively good condition and the meat saved to supply food to the human population. However, the area is poorly equipped for commercial slaughter and lacks refrigerated storage and canning plants, rendering this food source negligible.

WORLD MEAT PRICES SPUR CONSUMER AND GOVERNMENT ACTION

Rising meat prices in other parts of the world have caused both consumers and their governments to take a number of actions to provide domestic markets with more meat at lower cost.

In Australia, the world's largest beef exporter, Sydney dock workers protested domestic meat prices recently by placing a 24–hour ban on the loading of meat cargoes destined for the United States and Japan. Consumer boycott groups are also becoming more active in Australia but have not yet aroused much public sympathy.

In New Zealand, the Government is subsidizing production to slow down the increase in lamb and mutton prices paid by consumers there. The Government has also issued more import licenses for pork from Australia and Canada and suspended the 20–percent import tariff on Canadian pork.

Japan has increased the beef import quota for the first half of fiscal 1973 (beginning April 1) to 154 million pounds. Last year during the same period the quota was 50 million pounds.

To stop a continuing rise in beef prices and provide more beef for domestic consumers in the short term, Argentina had eliminated tax rebates on the sale of steers effective April 15; discontinued credits to fatteners and plans not to renew the program; and on April 30 it began to tax cattle sales. It also removed for the month of April the alternate–weekly ban on home consumption of beef but not on restaurant and hotel use.

In January, Brazil reduced the value-added tax on internal sales of beef to enable packers to supply retail markets at lower prices. Simultaneously a tax of 9 cents per pound was placed against beef exports.

The Peruvian Government has announced plans to extend a 2–weeks–per–month ban on beef consumption in the capital throughout the country.

In late February, Canada removed all duties on imports of fresh, chilled, or frozen beef, veal, and pork, while in Central America, Mexico, the Dominican Republic, Guatemala, Panama, and El Salvador have temporarily restricted beef exports.

Trade reports also indicate that the European Community will continue until July 1, 1973 and possibly mid-September their 50-percent reduction of import duties on live cattle and beef.

Increasing domestic meat prices have also caused countries to look for other than traditional sources of supply. Denmark recently imported 11,000 pounds of Australian beef—the first fresh beef to enter Denmark in many years, except small quantities from Scandinavia.

New Zealand was forced to turn down a number of new markets overseas because its exports were already committed. An order for 7–10 million pounds from Spain had to be rejected. The Netherlands, Cuba, and a number of Middle Eastern countries made inquiries for similar quantities.

Yugoslavia, in an effort to bring down domestic pork prices, announced tenders for imports of 11 million pounds of pork and about 7 million pounds of beef in mid-March. China, which has not supplied pork to Yugoslavia since 1967, has already shipped about 9 million pounds of pork to that country. The Government intends to use cheaper meat imports for processing into spreads or pastes for domestic consumption, while exporting the more expensive "baby beef," which is in demand in West European markets.

Recent Changes in Farm Trade Barriers

Significant changes in April and May 1973 in the tariff and nontariff barriers maintained by other countries which affect trade in farm products:

BOLIVIA . . . . For an indefinite period commencing April 17, the Bolivian Government is authorizing duty-free entry of **wheat.**

JAPAN . . . . Extended the import duty waiver on **pork** through June 30.

MEXICO . . . . Effective April 10, the official import price for **pedigree horses** and **mares** (entered for breeding purposes) was reduced from about $4,000 to about $2,200. The 14-percent ad valorem import duty levied on the official price remains in effect.

PORTUGAL . . . . The Portuguese Government has reclassified **soybean oil** as an edible oil. Previously, soybean oil could not be utilized for edible purposes in Portugal, and oil obtained from locally crushed U.S. soybeans was usually exported.

SPAIN . . . . The Spanish Government has extended through July 12 the complete suspension of the import duty on **sheep pelts** and the 75 percent suspension of import duties on various grades of **wool.** These duty reductions have been in force since December 1972. In a separate action, the Government extended partial import duty suspensions, which began in November 1972, through August 1, 1973, for the following items (percentage reduction in parentheses): **lamb, goatmeat, ham, sausages,** prepared and preserved **meat and offals** (30 percent), **poultry meat** (50 percent), **frozen and dried vegetables** (15 percent), **pulses** (15 percent), crude and refined **peanut oil** (50 percent), **glucose** and **lactose** (30 percent), **mustard** (30 percent), **coffee** and **tea extracts** (30 percent), **sauces** and **soups** (15 percent), **yeast** (30 percent), and **food preparations** (30 percent). These partial suspensions reduced the effective import duties on these goods to below 15 percent ad valorem except in the case of certain prepared offals: glucose, lactose, coffee and tea extracts, and certain prepared food preparations. In addition, complete duty suspension was provided for live **cattle, molasses,** and **hides.**

SURINAM . . . . A decree was issued prohibiting the importation of fresh and chilled **vegetables** and **tubers, citrus fruits, bananas, coconuts,** and **coffee** (roasted or not), **coffee extracts, sugar** and **syrups, pasta,** fermented **fruit juices,** and **peanut butter.** Quotas were assigned to imports of: **poultry meat, powdered milk, peanuts, tomato paste, prepared vegetables,** fresh or preserved **apples, pears,** and **grapes, vegetable juices,** and **jams, jellies,** and **marmalades.** U.S. agricultural exports to Surinam in fiscal 1972 were valued at $5.5 million. About $0.5 million will be affected by these measures.

VENEZUELA . . . . The Venezuelan Minister of Agriculture has announced that imports of thoroughbred **racehorses** will be limited to 40 yearlings during the remainder of 1973 and completely banned starting in 1974.

Inquiries on these changes should be addressed to Trade Operations Division, Foreign Agricultural Service, USDA, Washington, D.C. 20250.

Poland's Commercial Purchases Increase

Poland, a former Public Law 480 recipient, is now making substantial commercial purchases of U.S. farm commodities. During the first half of calendar 1973, according to the Polish Embassy in Washington, Poland has made $65 million worth of cash farm-commodity purchases from the United States. It also estimates that an additional $35 million in purchases will be made during the remainder of 1973, bringing total cash purchases to $100 million.

Additionally, Poland has fully utilized its current $35 million line of Commodity Credit Corporation credit and has requested a new line of $50 million for the second half of calendar 1973.

Poland's imports under credit have been diverse and include corn, wheat, barley, cotton, tobacco, linseed oil, and tallow. Cash purchases include soybeans, soybean meal, and linseed meal.

Mexico and China Sign Commercial Pact

Mexico and the People's Republic of China (PRC) signed a commercial agreement recently, covering a wide range of products including agricultural items.

The agreement would permit Mexico to sell $30 million worth of goods to the PRC annually while importing about $10 million worth from the PRC. The primary Mexican agricultural exports include cotton and sugar, and possibly at a later date, grains and seeds. Expected PRC agricultural exports to Mexico include primarily rice and to a lesser extent silk, skins, wool, and additional food items. The agreement also provides for a joint commission to meet annually to revise and increase the list of products susceptible to trade between the two countries.

Mexican exports of sugar to the PRC will only be possible when Mexican sugar surpluses go beyond domestic needs and U.S. sugar quota requirements. Mexico's cotton exports to the PRC are projected at 90,000 bales in 1973 and 1974. Exports in 1972 were 95,000 bales.

Trade possibilities between the two countries were investigated by a group of Mexican businessmen that toured the PRC in October 1971. In November of that year Mexico terminated its relationship with Taiwan and on February 14, 1972, it established diplomatic relations with the PRC.

U.S. exports of cotton to the PRC this year are expected to be 500,000 bales or more.

TOBACCO

British Firm Develops Synthetic Tobacco

The Imperial Tobacco Company of Great Britain announced recently it is building a $25 million plant to produce a tobacco substitute material.

Developed following years of research, the new material is made of wood cellulose and will be used to blend with cigarette tobacco, probably in strengths of 10 percent or more, depending on consumer acceptance.

The Imperial plant, scheduled for completion by 1975, will be capable of producing 10,000 tons of the material a year. The substitute will be sold to any cigarette makers who want to buy it, but no price has yet been set. Spokesmen for Imperial Tobacco have also made no claims as yet concerning the effect of the material on smoker health.

Indications are that several other manufacturers have also performed considerable experimental work to develop alternative smoking materials from vegetables and other sources. One manufacturer—Courtaulds—expects to have a new cigarette called Planet, containing a tobacco-alternative material blend, on the English market this year.

The United Kingdom is the largest U.S. market for unmanufactured tobacco, taking 115 million pounds valued at over $132 million in 1972. What effect the use of tobacco blends containing alternative materials will have on U.S. sales in this market is unknown at present.

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Spring Sowing Ahead of Last Year

Sowing of spring crops in the Soviet Union has continued to go forward at a faster pace than in 1972. As of May 28, 347 million acres, or 93 percent, of the planned area had been sown, compared to about 334 million acres on the same date last year.

Thus the 1973 planned spring crop area is about 373 million acres compared to 358 million in 1972. Earlier a figure of 364 million acres was given as the 1973 planned area.

Spring grain area—excluding corn—on May 28 totaled 221 million acres and was 93 percent of the planned area. While a comparable figure for 1972 is not available, 220 million acres had been sown by June fifth of last year. Therefore, the Soviets plan on planting about 237 million acres of spring grains (excluding corn) in 1973. Last year's plan was about 227 million.

Corn planted for harvest as grain rather than silage or green feed totaled 10 million acres or 103 percent of plan on May 28. This is equal to the 1972 harvested area.

Through mid-May soil moisture reserves in the European USSR continued to be near normal. Crop development was about 5-10 days more advanced than usual, due to warmer-than-normal temperatures that were experienced in European USSR. Weather was reported to have been favorable for plant growth in late May over almost all of European USSR.

In the important grain-growing areas of northern Kazakhstan and western Siberia, seeding of grain crops was largely completed by the end of May. The weather was predominently

dry during the period of massive sowing.

The area having above-normal soil moisture conditions continued to shrink, particularly in the southern Urals and northern Kazakhstan.

The USSR recently published official data on 1972 gross grain production by type of grain. These data, compared with 1971, are listed in the following table, in millions of metric tons:

Item	1971	1972 official Soviet data
Winter wheat	47.8	29.3
Spring wheat	51.0	56.5
Total wheat	98.8	85.5
Rye	12.8	9.9
Barley	34.6	36.8
Oats	14.6	14.0
Corn	8.6	9.8
Total coarse grain	70.6	70.5
Other grains and pulses	11.8	11.7
Total grains (gross)	181.2	168.0

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 12	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.87	−2	1.97
USSR SKS-14	(1)	(1)	(1)
Australian FAQ [2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	3.52	−5	1.86
15 percent	3.59	−3	1.92
U.S. No. 2 Hard Winter:			
13.5 percent	3.43	−8	1.77
No. 2 Hard Amber Durum	3.74	+3	1.85
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	2.92	+20	1.45
Argentine Plate corn	3.24	+30	1.72
U.S. No. 2 sorghum	2.79	+22	1.41
Argentine-Granifero sorghum	2.79	+22	1.43
U.S. No. 3 Feed barley	2.34	+24	1.21
Soybeans: [3]			
U.S. No. 2 Yellow	8.20	+47	3.76
EC import levies:			
Wheat [4]	[5] 1.07	+23	2.03
Corn [6]	[5] .35	+10	1.32
Sorghum [6]	[5] .56	+3	1.37

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [6] Italian levies are 23 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Great Plains Wheat Opens Beirut Office

"In view of the increasing potential for U.S. wheat exports to Africa and the Middle East, Great Plains Wheat recently opened an office in Beirut, Lebanon, in order to better service that region," according to a recent announcement by GPW. Richard F. Benson, formerly the Foreign Director of GPW's Rio de Janeiro office, has assumed the duties of Regional Director for Africa and the Middle East.

Program activities for Africa and the Middle East had previously been the responsibility of GPW's Rotterdam office. With the transfer of these activities to Beirut, the GPW office in Rotterdam will be able to concentrate on European markets and on initiating market activities for East European markets, including the Soviet Union, GPW said.

Grain Exports and Transportation Trends: Week Ending June 1

Weekly grain inspections for export and grain moving in inland transportation for the week of June 1 and the previous week were:

Item	Week ending June 1	Previous week	Weekly average, April	Weekly average, third quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	968	755	726	637
Feedgrains	696	693	643	690
Soybeans	196	195	284	327
Total	1,860	1,643	1,653	1,654
Inland transportation:				
Barge shipments of grain	(1)	241	360	495
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	28,631	30,203	28,705	32,271

[1] Not available.

FATS, OILS, AND OILSEEDS

Peru To Resume Fishing, Nationalizes Anchovy Industry

Scientists at the Peruvian Sea Institute have reported the Humboldt Current has normalized and biological conditions of the ocean along the Peruvian littoral are now excellent for the recuperation of anchovy fishing. Assuming the continuation of present conditions, it is anticipated that fishing will resume on October 1, 1973, with a 2-million-ton limit.

Prior to the expected resumption of fishing in October, additional scientific investigations will be undertaken, possibly beginning in July, to obtain further information on oceanic and biological conditions and the progress of the August-September anchovy spawn.

In another action, the Peruvian Government has nationalized its entire anchovy-based fishmeal and fishoil industries. The State monopoly is now held by an enterprise called Pescaperu, which controls the country's 105 processing factories, 1,485 boats, and 27,000 workers, including fishermen and fishmeal-plant employees. Included among the processing plants are subsidiaries of some U.S. companies.

Reportedly, the former private fishing companies owed $210 million to State banks because of the crisis caused by this season's anchovy shortage. Of this total, $45 million was owned by "foreign"-controlled companies.

The Government's decree stated that compensation will be paid to the former owners based on the difference between the firms' assets and their current liabilities. Payment will be 10 percent in cash and the remainder in 10-year bonds.

China Seeks To Boost Castorbean Output This Year

A campaign is underway in the People's Republic of China (PRC) to boost castorbean production, according to reports from that country. Each production team in Hupeh Province has been directed to sell between 20 and 30 pounds of castorbeans to the State, while each peasant household must sell between 1 and 3 pounds. Socialist and private production units in Hopeh, Shantung, Kirin, Sinkiang, and Chekiang Provinces were also told to increase castorbean output.

Reports from the PRC indicate castor oil is needed for military, agricultural, and industrial uses. Specific needs cited for the oil were to lubricate airplanes and machinery, and as raw materials for insecticide and nylon production. Moreover, there are strong indications the Chinese also intend to increase castor oil and castorbean exports.

From 1965 to 1969, the PRC exported an average of 47,200 metric tons of castorbeans and 5,928 tons of castor oil a year.

Spain Raises Soybean And Meal Import Subsidy

The Spanish Government will continue to subsidize imports of soybeans and soybean meal in order to maintain the price of soybean meal to the mixed feed industry, but at a new level of US$234 per short ton. Previously, the Government had subsidized imports to stabilize the price of soybean meal at US$171 per short ton, compared with a world average price of US$359 per short ton.

The new subsidy will be in the form of a credit which may be applied in the future as compensation for a levy on soybean and soybean meal imports, in the event the world price should fall below the agreed level of US$234 per short ton.

Philippines Doubles Copra Exports to Soviet Union

So far this year, Philippine sales of copra to the Soviet Union amount to 21,000 long tons, compared with 10,765 tons in all of calendar 1972. The increase is equivalent to 6,550 tons oil basis, or equivalent to the oil fraction of 1.4 million bushels of soybeans.

LIVESTOCK AND MEAT PRODUCTS

Canadian Meat Use Sets New Record

Canadian per capita red meat consumption reached a new high of 165.8 pounds in 1972—up by 1 pound from 1971—while per capita disappearance of poultry meat rose to 45.5 pounds from 44.6 in 1971.

The per-person consumption of red meat included 92.5 pounds of beef (up from 86.9 pounds a year earlier) and 61.1 pounds of pork (down from 65.9 pounds in 1971).

Per capita consumption of fowl and chicken was 34.5 pounds in 1972, compared with 33.6 in 1971. Turkey consumption remained at 10.4 pounds.

Consumer demand for beef remained high the first 3 months of 1973. Production of beef was 6 percent above last year's, while output of pork was down 3 percent. Imports of beef and pork were also up. On the export side, pork continued to show gains, but shipments of beef declined.

Canadian imports of manufacturing beef rose sharply in 1972 and Canada was a net importer of 101 million pounds of red meat, compared with net exports of 27 million pounds in 1971.

Private Hungarian Cattle Buyers Get Special Terms

In an effort to build a viable livestock industry, the Hungarian Government is allowing savings co-ops to make loans on better-than-average terms to private buyers of breeding cattle, according to a recent announcement by the Ministry of the Treasury.

Loans of up to about US$1,000 can be made to buy breeding animals, provided the purchase is made through a State trading organization. In exceptional cases, an additional $1,000 loan will be granted for building or remodeling animal shelters if intended to house breeding cattle.

Hungary bought 2,800 head of U.S. breeding cattle this year, up from only 292 head in 1972.

SUGAR AND TROPICAL PRODUCTS

South Africa's Sugar Output Sets Record; Acreage Boost Planned

Although South Africa's sugar outturn set a record in 1972–73, growing demand on the domestic and export markets have caused the industry to raise its production sights still higher by planning to increase sugarcane area by some 22,000 acres in the next 2 years. The record output—some 1.91 million metric tons—was grown on 795,000 acres, and surpasses the previous record in 1971–72 by nearly 50,000 tons.

Other records set by the South African sugar industry are the amount of foreign exchange earned and the volume of exports—an anticipated $142 million from 1 million tons—and the amount of sugar it sold on the domestic market—more than 900,000 tons, compared with 870,000 the season before. The level of foreign exchange earnings from sugar puts the industry behind the fruit and canning industry as the second biggest agricultural source of foreign currency.

South Africa's best customers for raw sugar continue to be Japan and Canada, with Israel the chief buyer of the African country's refined sugar.

Prospects for the 1973–74 season which commenced May 1, appear to be good as the Natal sugar belt escaped the ravages of the severe drought last year which damaged many other crops. Rains toward the end of 1972 helped the cane to be cut early in the 1973–74 season and recent showers will boost cuttings at the end of the season.

New Foreign Agriculture Circulars

- Smaller 1972 Australian and South African Canned Deciduous Fruit Packs (FCAN–1–73)

Single copies may be obtained free from the Foreign Agricultural Service, U.S. Department of Agriculture Washington, D.C. 20250, Rm. 5918–S.; Tel.: 202–447–7937.

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ONTARIO TO PRODUCE ONE-HALF MORE FLUE-CURED IN 1973

To capitalize on present strong world demand for flue-cured tobacco and avoid further underproduction, the Ontario Flue-Cured Tobacco Grower's Marketing Board has set its 1973 production target 50 percent higher than the 1972 yield.

The target of 250 million pounds from a total acreage of 106,000 acres followed agreement with the Tobacco Manufacturers' Council on a guaranteed minimum average price of 72.5 Canadian cents per pound for the 1973 crop.

Combined production goal for 1973 and 1974 Ontario flue-cured crops is set at 500 million pounds. The 1974 crop goal will be adjusted downward in case of overproduction in the 1973 crop year.

If crop conditions are good in 1973, total Canadian tobacco production could reach 275 million pounds, total flue-cured 265 million pounds. Extremely favorable growing conditions such as experienced in 1971 could produce a 1973 flue-cured crop of up to 280 million pounds.

For 1973, the Board projects a domestic demand of 160 million pounds of Ontario flue-cured and an export demand of 90 million pounds, of which 71.5 million will go to the United Kingdom.

The 1972 Ontario crop of 166.7 million pounds left manufacturers' stocks of tobacco depleted and export commitments unfilled, according to industry reports.

Last year's crop sold for an average price of 56.1 Canadian cents per pound in Quebec, 63.5 cents per pound in the Maritimes, and 78.0 cents per pound in Ontario. Having received much lower returns as a result of forward contracting of 1972 crops, Maritimes growers have made no contracts for the 1973 crop.

Canadian tobacco manufacturers will contribute one Canadian cent per pound on purchases of tobacco to an export development fund. This money, paid back to exporting firms on the basis of their share of total exports, allows them to lower export prices. Assuming projections for 1973 production and exports are reached, this operation would have a net value to exporters of 1.8 Canadian cents per pound, green weight.

EUROPEANS BUY SLICED U.S. WATERMELON

U.S. watermelons are being introduced into the United Kingdom, France, the Netherlands, and Sweden. Under a new Foreign Agricultural Service program, U.S. shippers are demonstrating that perishable, high-quality fresh products can be delivered in good condition to distant markets via surface transportation. Initial reception has been encouraging.

While the volume of shipments is still relatively small, FAS estimates that between 100 and 200 loads could have moved to Europe over a 6-week period if refrigerated containers had been available.

Under this program, larger-type U.S. melons are cut in pieces in foreign stores and are marketed in a manner similar to the practice in the United States. In Sweden during May, U.S. watermelons retailed at 45 cents a pound or $9 for a 20-pound melon.

Watermelon quality in Florida this season is considered to be the best in the past 15 years. Quantities are ample.

FAS is working closely with ocean shippers to coordinate a fast intermodal service, while container manufacturers are working at maximum capacity to alleviate the container shortage.

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